

**CONFESSION OF JUDGMENT AND WARRANT OF ATTORNEY BY DEFENDANTS  
NCF DEVELOPMENT, LLC, CHRISTIAN D. LAETTNER, AND BRIAN K. DAVIS**

NCF Development, LLC, through its managing member Christian D. Laettner, Christian D. Laettner, individually, and Brian K. Davis, individually, each being first duly sworn, state and depose as follows:

1. This Confession of Judgment and Warrant of Attorney is being entered into this \_\_\_\_ day of October 2009, by NCF Development, LLC (hereinafter "NCF Development"), Christian D. Laettner (hereinafter "Laettner"), and Brian K. Davis (hereinafter "Davis") (collectively referred to hereinafter as the "Defendants"). Defendants hereby acknowledge and confess that Select Capital Management, LLC ("Select Capital") is entitled to judgment against Defendants, jointly and severally, in the amount of \$11,436,218, plus any additional amounts set forth in the accompanying affidavits of Select Capital or its counsel as described below.

2. NCF Development has a place of business at 300 Fuller Street, The Power House, Durham, North Carolina, 27701. NCF Development also owns real property located at 701 West Main Street in Durham, North Carolina. This Confession of Judgment arises out of a loan between Select Capital and NCF Development related to the development of that real property.

3. Select Capital is a limited liability company organized under the laws of the State of Texas, with its principal place of business located at 100 19th Street, Suite 101, Rock Island, Illinois 61201.

4. Laettner has a place of business at 300 Fuller Street, The Power House, Durham, North Carolina, 27701 and is a member of NCF Development. Laettner is a personal guarantor

to the subject loan made by Select Capital to NCF Development in connection with the development of property located at 701 West Main Street, Durham, North Carolina.

5. Davis has a place of business at 300 Fuller Street, The Power House, Durham, North Carolina, 27701 and is a member of NCF Development. Davis is a personal guarantor to the subject loan made by Select Capital to NCF Development in connection with the development of property located at 701 West Main Street, Durham, North Carolina.

6. Select Capital is a limited liability company organized under the laws of the State of Texas, with its principal place of business located at 100 19th Street, Suite 101, Rock Island, Illinois 61201.

7. This Confession of Judgment and Warrant of Attorney is for a debt justly due and arises from facts contained herein.

8. On or about May 19, 2008, NCF Development executed a promissory note wherein Select Capital agreed to loan NCF Development the principal sum of \$10,000,000.

9. Laettner and Davis executed unconditional guaranty agreements on or about May 19, 2008, through which those individuals personally guaranteed payment of all amounts due under the promissory note.

10. Defendants failed to make an initial payment of \$550,000 required under the terms of a Collateral Agreement that Laettner executed on May 19, 2008. To resolve that default, Defendants executed an agreement dated November 28, 2008. Through the November 28, 2008, agreement, Defendants agreed to reduce the outstanding balance of the promissory note by \$550,000 in three installments as follows: (1) \$150,000 by December 9, 2008, (2) \$250,000 by January 1, 2009, and (3) the remainder by February 1, 2009. The promissory note,

a May 19, 2008 security agreement, May 19, 2008 personal guaranty agreements, and May 19, 2008 collateral agreement are collectively referred to herein as the "Credit Facility."

11. Defendants breached the November 28, 2008, agreement by failing to make the first required installment payment on December 9, 2008. Defendants also failed to make the other two required installment payments under the November 28, 2008, agreement.

12. On or about May 8, 2009, the Defendants entered into a forbearance agreement with Select Capital, through which the Defendants agreed to perform certain contractual obligations as follows: (1) to provide Select Capital Management with the status of NCF's HUD application every 15 calendar days; (2) engage Northland Securities to attract additional equity in connection with the Chesterfield project; and (3) make three installment payments on their defaulted debt in the following amounts: (i) \$150,000 on May 8, 2009; (ii) \$250,000 on May 15, 2009; (iii) and \$250,000 on June 15, 2009.

13. The Defendants failed to make the June 15, 2009, installment payment, failed to provide status updates of NCF's HUD application, and failed to engage Northland Securities to locate additional financing.

14. The Defendants agree that they have breached the forbearance agreement which, in turn, constitutes a breach of the Credit Facility. The Defendants agree that the date of their first default is December 9, 2008, the date on which those parties failed to make the first installment payment due under the November 28, 2008, agreement, thus breaching the promissory note for the first time. The Defendants agree that Select Capital is entitled to exercise all remedies available to it under the Credit Facility.

15. The Defendants hereby confess judgment against them, jointly and severally, in the amount of the principal amount of the promissory note (\$10,000,000), interest at the rate of

12.25% from May 18, 2008 to December 8, 2008, interest at the rate of 18% from December 9, 2008 to the date this Confession of Judgment is executed, all fees and costs set forth in the agreements between the parties, and all other fees and costs, including attorneys' fees, incurred by Select Capital in collecting amounts owed under the promissory note and Credit Facility. In total, the Defendants hereby confess judgment against them, jointly and severally, in the amount of \$11,436,218 as of the date this Confession of Judgment is executed. The Defendants further confess judgment against them, jointly and severally, in the amount of all interest, attorneys' fees, and other costs and fees incurred by Select Capital between the date this Confession of Judgment is executed and the date it is filed with the court. The Defendants further confess judgment against them, jointly and severally, in the amount of all interest, attorneys' fees, and other costs and fees incurred by Select Capital in collection of any judgment obtained herein, as provided by pages 2 and 3 of the Note. The Defendants agree that Select Capital may prove those additional amounts owed through an affidavit, and confess to judgment in that additional amount as well.

16. NCF Development has executed a deed in lieu of foreclosure in connection with the property located at 701 West Main Street, Durham, North Carolina. Select Capital agrees that the amount owed by the Defendants as set forth in paragraph 15 above shall be offset by the purchase price received by Select Capital for that property, provided Select Capital has sold that property prior to the date referenced in paragraph 17 below. If Select Capital has not sold that property by the date referenced in paragraph 17 below, then Defendants agree that judgment may be entered against them in the full amount set forth in paragraph 15 above. Select Capital agrees to provide Defendants with twenty-one (21) days' notice of its intent to sell the property. During that twenty-one (21) day period, the Defendants may put in a competing bid to repurchase the

property. Select Capital retains full and sole discretion to determine whether to accept that competing bid, or whether to sell the property to the original buyer whose offer triggered the twenty-one (21) day notice period. In no event shall Select Capital collect from the Defendants more than the total sum of \$11,436,218 plus any amounts that accrue under the Credit Facility between the date of this Confession of Judgment and Warrant of Attorney and the date on which those documents are filed with the Court.

17. Defendants agree that Select Capital may file the following documents on or after March 1, 2010, and that judgment may be entered against them, jointly and severally, as of that date:

- (a) This Confession of Judgment and Warrant of Attorney; and
- (b) An Affidavit in Support of Confession of Judgment by Select Capital, or its counsel, setting forth additional amounts that have accrued under the Credit Facility since the date on which this Confession of Judgment and Warrant of Attorney is executed, including but not limited to interest that accrues from the date of execution through the date of filing, along with additional attorneys' fees and costs.

The Defendants further agree that Select Capital may file a Second Affidavit in Support of Confession of Judgment setting forth the amount of all interest, attorneys' fees, and other costs and fees incurred by Select Capital in collection of any judgment obtained herein, as provided by pages 2 and 3 of the Note.

18. NCF Development, Laettner, and Davis each expressly submit to the jurisdiction of the Superior Court Division for the County of Durham, North Carolina, and expressly waive any other jurisdiction which might be applicable by reason of their present or future domiciles or otherwise. The venue for any action against the Defendants on the Confession of Judgment and Warrant of Attorney shall be the Superior Court Division for the County of Durham, North Carolina.

19. The Defendants hereby confess to this judgment and authorize and empower the Superior Court Division for the County of Durham to enter judgment against them and in favor of Select Capital. Said judgment shall not be subject to any automatic stay and the Court shall order immediate entry of said judgment.

20. The Defendants also agree to pay reasonable attorneys' fees and costs incident to the collection of the judgment to be entered pursuant to this confession of judgment and warrant of attorney, and Select Capital shall have the right to seek to amend the judgment to add such attorneys' fees and costs to the judgment amount.

21. The Defendants waive any and all defenses that may exist to the enforcement of this Confession of Judgment and Warrant of Attorney, and waive any and all rights to challenge or contest the resulting judgment or the transfer of the resulting judgment to any other jurisdiction, or to challenge or contest its enforcement and execution in such transferred jurisdiction.

22. The Defendants expressly waive issuance of service and process for the actions to be taken under this case and this Confession of Judgment and Warrant of Attorney. The Defendants further expressly waive and release stay of execution on the judgment confessed to herein and consent to and authorize execution to issue on said judgment.

23. This Confession of Judgment and Warrant of Attorney is not for the purpose of securing Select Capital against a contingent liability.


24. Upon entry in the Superior Court Division for the County of Durham, North Carolina, this judgment will become final and execution may be levied on it immediately.

25. This Confession of Judgment and Warrant of Attorney is made pursuant to N.C. Rule Civ. Proc. 68.1, and shall be interpreted and applied in accordance with the Laws of the State of North Carolina.

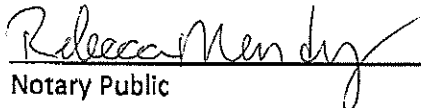
26. In entering into this Confession of Judgment and Warrant of Attorney, the Defendants represent that they have each proceeded upon the advice of an attorney of their own choice, that each Defendant has read the terms of the promissory note and Confession of Judgment and Warrant of Attorney, and that the terms of this Confession of Judgment and Warrant of Attorney have been explained to each Defendant by his or its attorney and are fully understood and voluntarily accepted by their Defendants.

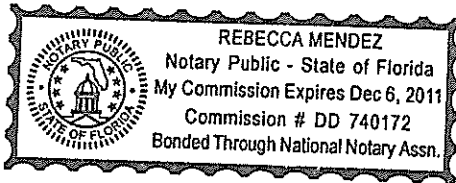
WHEREFORE, NCF Development, Laettner, and Davis do hereby confess judgment in this matter in the amount of \$11,436,218, plus an amount to be set forth in the accompanying affidavits of Select Capital or its counsel for amounts that accrue between the date set forth below and the date on which this Confession of Judgment and Warrant of Attorney is filed with the Court, as well as additional amounts that accrue between the date judgment is entered and the date Select Capital collects on that judgment. NCF Development, Laettner, and Davis hereby authorize and empower any attorney or Clerk of the Court or any court having jurisdiction, to appear for either NCF Development, Laettner, and/or Davis in any such court in an appropriate action there or elsewhere brought or to be brought against NCF Development, Laettner, and/or Davis and therein to confess or enter judgment against NCF Development, Christian D. Laettner, and Brian K. Davis for all sums due by NCF Development, Christian D. Laettner, and Brian K. Davis to Select Capital. Pursuant to N.C. Rule Civ. Pro. 68.1, the judgment shall be entered, and execution may issue, immediately.

Dated: November 24, 2009

X   
NCF Development, LLC  
By: Christian D. Laettner  
Its: Managing Member

Subscribed and sworn to before  
me this 24 day of November, 2009

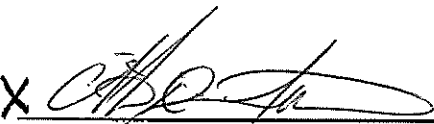
  
Notary Public



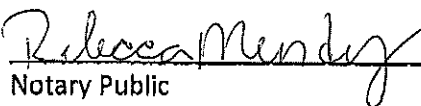
\_\_\_\_\_  
Brian K. Davis

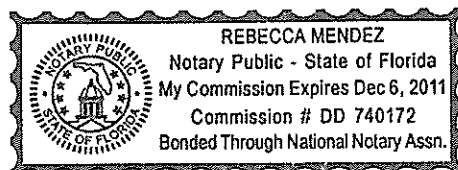
Subscribed and sworn to before  
me this \_\_\_\_ day of \_\_\_\_\_, 2009

\_\_\_\_\_  
Notary Public

X   
Christian D. Laettner

Subscribed and sworn to before  
me this 24 day of November, 2009

  
Notary Public





Dated: \_\_\_\_\_, 2009

\_\_\_\_\_  
NCF Development, LLC  
By: Christian D. Laettner  
Its: Managing Member

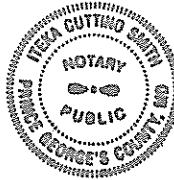
Subscribed and sworn to before  
me this \_\_\_\_ day of \_\_\_\_\_, 2009

\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Brian K. Davis

Subscribed and sworn to before  
me this 22 day of October, 2009

  
\_\_\_\_\_  
Notary Public



Iteka Cuttino Smith  
NOTARY PUBLIC  
Prince George's County  
State of Maryland  
My Commission Expires  
September 24, 2011

\_\_\_\_\_  
Christian D. Laettner

Subscribed and sworn to before  
me this \_\_\_\_ day of \_\_\_\_\_, 2009

\_\_\_\_\_  
Notary Public

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